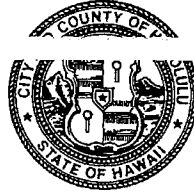


DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813  
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2015 MAY -7 AM 10: 31

KIRK CALDWELL  
MAYOR



NELSON H. KOYANAGI, JR.  
DIRECTOR

GARY KUOKAWA  
DEPUTY DIRECTOR

May 1, 2015

The Honorable Ann H. Kobayashi, Chair  
and Members  
Committee on Budget  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

RECEIVED  
2015 MAY -6 P 4: 27  
CITY COUNCIL  
HONOLULU, HAWAII

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Comments on Proposed Bill 13 (2015), CD2 Amendments for  
the Department of Budget and Fiscal Services

Please find attached our comments regarding the budget amendments in Bill 13  
(2015), CD1 and the proposed amendments for Bill 13 (2015), CD2.

Sincerely,

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi, Jr.", is written over the name.

Nelson H. Koyanagi, Jr., Director  
Department of Budget and Fiscal Services

Attachment

APPROVED:

A handwritten signature in black ink, appearing to read "Roy K. Amemiya, Jr.", is written over the name.  
Roy K. Amemiya, Jr.  
Managing Director

Attachment

**DEPARTMENT: BUDGET AND FISCAL SERVICES**

**ADMINISTRATION**

**Councilmember:** Ernest Martin

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(1,500)	GN	Reduction (S) Object Code 1109 – Temporary Assignment Pay

Department's Comments and Concerns:

Request restoration of \$1,500. Full funding of \$1,500 is needed to provide temporary assignment (TA) pay when employees are on leave and the duties and responsibilities of their positions must continue in the absence of the employees. Although there was no appropriation in FY 2015, there have been actual expenditures in FY 2013 (\$15,010), FY 2014 (\$4,289) and to date in FY 2015 (\$9,305).

**BUDGETARY ADMINISTRATION**

**Councilmember:** Ann Kobayashi

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(1,200)	GN	Reduction (CE) Object Code 2754 – Parts/Access/Equip (Furniture)

Department's Comments and Concerns:

Request restoration of \$1,200. Full funding of \$2,400 is needed to replace six office chairs. These chairs are nearly 10 years old and have broken parts, which can be hazardous to the work environment. Other chairs have worn out wheels or malfunction when the seat is adjusted, creating other unsafe conditions for employees. These funds are needed to continue to provide functional and safe office equipment for all staff members.

**Councilmember:** Ann Kobayashi

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(1,000)	GN	Reduction (CE) Object Code 3751 – Fees for Membership and Registration

Department's Comments and Concerns:

Request restoration of \$1,000. The Budgetary Administration Division is currently involved with upgrading the City's budgeting system, Advantage Budgeting System (ABS), from version 3.07 to 3.10. ABS requires specialized skills and knowledge to administer and operate. Full funding of \$4,000 is needed to provide for the cost of sending the new lead project manager to the 2015 CGI User Forum. The request of \$1,000 is needed to provide for the registration cost, which was waived in previous years because the former project manager was a member of the CGI Executive Steering Committee. Attendance at the user forum is necessary for further training and development of the ABS. The training provides a more technical and in-depth look into the system, networking opportunities to share best practices, and opportunity to interact with industry experts. Funding is also used to further develop performance budgeting knowledge for seven budget analysts and three supervisors through purchase of reference materials and webinars.

**ACCOUNTING AND FISCAL SERVICES**

**Councilmember:** Ann Kobayashi

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(900)	GN	Reduction (CE) Object Code 3102 - Postage

Department's Comments and Concerns:

Request restoration of \$900. Full funding of \$1,800 is needed for mailing out IRS forms, Deed Restriction Program documents, and all other postage to meet operational requirements. In FY 2014, 2,714 IRS Forms 1099 and 1049 were mailed out, and in FY 2016 we estimate 2,800 forms, which includes required notifications relating to the Affordable Care Act, will be mailed out at a postage rate of \$0.50 each which will total \$1,400. In addition, \$400 is needed for Deed Restriction Program document mailings and other miscellaneous postage needs.

**PURCHASING**

**Councilmember:** Kymberly Marcos Pine

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(2,680)	GN	Reduction (CE) Object Code 2051 – Office Supplies

Department's Comments and Concerns:

Request restoration of \$2,680. Full funding of \$9,000 for office supplies was computed based on zero based budgeting and reflects the supplies required for our operation at today's market prices. It consists of:

65 cases paper x \$45 = \$2,925

250 each file folders X 1.50 = \$375

Misc. stationary (pens, pencils, notebooks, post its, envelopes, manila envelopes, manila file folders, business cards, etc.) = \$1,260

15 ink cartridges x 72 = \$1,080

24 laser cartridges x 140 = \$3,360

**Councilmember:** Kymberly Marcos Pine

Amount

\$(24,000)

Fund Description

GN Reduction (CE) Object Code 3006 – Other Professional Services

Department's Comments and Concerns:

Request restoration of \$24,000. Full funding of \$24,000 is needed for National Institute for Government Purchasing (NIGP) training for our entire staff of 23 Buyers. This amount was incorporated into Object Code 3751, Fees for Memberships and Registration, in FY 2015. As there is no object code for training within the division, training costs were separated from membership fees and budgeted under Other Professional Services.

The FY 2016 budget consists of Object Code 3751 for membership fees in NIGP (\$2,000) and Object Code 3006 is for NIGP training which consists of two NIGP classes (\$24,000). Object Code 3751 is being correspondingly reduced by \$12,605, which is the cost of one class.

NIGP training consists of bringing a trainer to Hawaii, thus maximizing the availability of training for all Buyers. In addition to general staff improvement, there are approximately 6 Buyers pursuing their Certified Public Procurement Buyer (CPPB) designation with NIGP. In addition to successfully passing written examinations, certification requires formalized training in NIGP certified classes and attests to the fact that the certified buyer has the requisite basic skills to procure under the auspices of government.

There is no formalized training in Hawaii for procurement and contracting. We rely on NIGP training to improve the skill level of our buyers. **Purchasing is committed to investing in the City's most valuable resource, its employees.**

**REAL PROPERTY**

**Councilmember:** Ann Kobayashi

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(7,000)	GN	Reduction (CE) Object Code 2401- Educational, Recreational & Scientific Supplies

**Department's Comments and Concerns:**

Request restoration of \$7,000. Full funding of \$27,000 is needed for training materials which are integral to the Real Property Assessment Division's training program and competency testing of the appraisal staff. The assessors are required to maintain education and training levels equivalent to State of Hawaii General Appraiser Certification. This continuous classroom training and testing for seasoned appraisers and course work for new staff members promotes high levels of competency and increases public confidence in overall assessment methodology.

**Councilmember:** Kimberly Marcos Pine

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(2,000)	GN	Reduction (CE) Object Code 3212 – Travel Expense – Out-Of-State

**Department's Comments and Concerns:**

Request restoration of \$2,000. Full funding of \$20,000 is needed to attend annual conferences of International Association of Assessing Officers (IAAO), Tyler Technologies, ESRI, and a conference for GIS mapping trends and technologies integration for Computer Assisted Mass Appraisal systems. Two staff members are sent to the IAAO conference; one to keep abreast of the latest real property tax issues and solutions and one person to attend instructor training workshops to reduce the cost of training by providing in-house training to at least 50 other employees. Two staff members are sent to the ESRI conference, which is the City's current mapping service vendor, to cover simultaneous multiple workshops. One employee attends the Tyler Technology database administration of the real property assessment software system conference and one attends the GIS assessment mapping conference which focuses on integrating mapping services with assessment database software. Attendance at these conferences is critical to evaluate new technological advancements and trends and identify how improvements and efficiencies can be implemented to efficiently serve tax payers.

**Councilmember:** Kymberly Marcos Pine

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(60,225)	GN	Reduction (CE) Object Code 3262 - Printing and Binding

Department's Comments and Concerns:

Request restoration of \$60,225. Full funding of \$80,300 is needed for the printing and binding of nearly 300,000 real property assessment notices that are mailed each year and required by Ordinance. Actual cost averaged approximately \$75,000 in FY 2013 and FY 2014. The cost to mail the assessment notices is budgeted in Object Code 3102, Postage.

**Councilmember:** Kymberly Marcos Pine

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(1,750)	GN	Reduction (CE) Object Code 3822 – Parking Fees

Department's Comments and Concerns:

Request restoration of \$1,750. Full funding of \$4,000 is needed for the annual parking fee of \$3,000 for a City vehicle located at Harbor Court. The additional \$1,000 will be used for parking fees of Board of Review members while they perform judicatory duties to settle taxpayer assessment notice appeals. The actual expenditure for parking fees in FY 2014 was \$3,715.

**TREASURY**

**Councilmember:** Ernest Martin

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(11,700)	GN	Reduction (CE) Object Code 3004 – Consultant Services

Department's Comments and Concerns:

Request restoration of \$11,700. Full funding of \$128,700 is needed for services related to the Integrated Assessment System (IAS), the real property tax computer system. The contract covers maintenance and support of the system, as well as the cost of any necessary modifications that may be required due to ordinance changes. The contract allows for up to a 10% increase annually which is the amount that the FY 2016 appropriation was increased.

**Councilmember:** Kymberly Marcos Pine

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(31,400)	GN	Reduction (CE) Object Code 3006 – Other Professional Services

Department's Comments and Concerns:

Request restoration of \$31,400. Full funding of \$50,000 is needed for compliance and municipal continuing disclosure requirements. Because the City issues tax exempt municipal bonds, it must comply with numerous Internal Revenue Service rules and regulations. The City contracts with a vendor that specializes in this area to ensure that the City's bonds remain exempt from taxes.

In addition, the Securities and Exchange Commission (SEC) has recently launched a program called the Municipalities Continuing Disclosure Cooperation Initiative (MCDCI), which will require additional work and cost under the current contract.

**Councilmember:** Ernest Martin

<u>Amount</u>	<u>Fund</u>	<u>Description</u>
\$(15,000)	GN	Reduction (CE) Object Code 3212 – Travel Expense Out-of-State

**Department's Comments and Concerns:**

Request restoration of \$15,000. Full funding of \$15,000 is needed for General Obligation bond sales which may require travel by the BFS Director and the Chief of Treasury. In addition, there is an annual Integrated Assessment System (IAS), the real property tax computer system, user conference that the Chief of Treasury and the Revenue Collections Administrator should attend. Staff needs to attend the Annual CGI Users Conference to learn about the New Advantage debt module and to network with peers that use the Advantage software.